



Date: January 16, 2002
To: Inter-Regional Partnership
From: IRP Staff
RE: Incentives for Job/Housing Opportunity Zones

Background

Staff has identified economic development and housing related incentives that could be applied to the Jobs/Housing Opportunity Zones. The purpose of this report is to present those incentives and to summarize both the legislative and administrative actions that will be required to bring the individual incentives to the Zones.

Discussion

Staff reviewed the opportunity zone proposals that were submitted to the IRP for consideration. Each proponent included a description of the incentives they believe would be needed to make the zone attractive to employers and/or housing developers. In addition, during both the internal review and the Evaluation Committee review of the Jobs/Housing Opportunity Zone proposals, staff asked each proposer about incentives needed in order for the Zone to be a viable project. That process produced a list of over forty potential incentives, which is attached to this staff report as Table 1.

Staff, with the assistance of San Joaquin COG's legislative advocates at Smith, Kempton & Watts, reviewed the incentives to determine which should be pursued as a priority by the IRP, including in the current legislative session, and which should be pursued next year or in the next legislative cycle.

Staff gave priority to the incentives that fell into any of four groups:

- The most requested incentives. To get the most bang for the buck, Staff took into consideration the sheer number of requests received for an incentive. For example, there were eleven zones that requested they be given priority consideration in the State's various infrastructure bonding, loan and bank programs.
- Incentives that are the easiest to implement. Most immediately, the current legislative session requires that bills be entered by January 31. Incentives that require amendments to existing legislation, or new legislation that can incorporate by reference existing legislation, were favored over incentives that would require new or complex legislative changes. The IRP is also looking for zone proposers to make progress in implementing the zones within a five year period. Incentives that are easy to implement, and could be available to sponsors sooner rather than later, were pushed to the front. This category also includes incentives that could be implemented relatively quickly through administrative measures, for example, by working with the State Treasurer to have extra points awarded to opportunity zone projects competing for Industrial Development Bond funding.
- Incentives that advance equity. Stanislaus County zones are not part of the eleven zones that requested priority consideration in the State's various infrastructure bonding, loan and banking

programs or the seven zones that requested Tax Increment Financing. They may actually benefit from those incentives being available to them, but be excluded from receiving their most critically needed incentives by the previous criteria that emphasizes pursuing the most requested incentives. For example, two requests were made to the IRP for assistance in obtaining priority consideration for federal economic development funding, and both came from Stanislaus County. They also submitted two of the three requests for CDBG funding flexibility. Staff felt that equity considerations should be factored into the decision about which incentives would be pursued this year.

- Incentives that would be politically attractive in Sacramento. Staff relied on the intuition and experience of Smith, Kempton & Watts to highlight incentives that might be popular in Sacramento, regardless of the number of requests submitted for the incentive. For example, they thought child care subsidies would go over well in the State capital at this time, and were worth pursuing, even though this incentive was only requested by one zone.

Incentives to be Pursued in 2002

Using these criteria, the following incentives fall out as top priorities for 2002:

Economic Development

Federal Economic Development Administration Funds
Lease Reductions/Loan Forgiveness for Hitting Employment Targets
Priority in Technology, Trade & Commerce Agency Programs
Enterprise Zone Status/Expansion

Cash Grants

Housing

Rental Housing Construction Priority
Priority in Multiple Family Housing Revenue Bonds Program

Infrastructure Financing

Priority in State's Infrastructure Bonding, Loan and Bank Programs.
IRP Infrastructure Grant Program
Tax Increment Financing
Priority Consideration in the State's Interregional Transportation Improvement Program

Miscellaneous Incentives

Air Quality Incentives
Childcare Subsidies

The remaining incentives that are not part of this list were recognized by Staff as being important to the individual zone sponsors, and to the five county region, and should be pursued in a future year and legislative cycle.

Implementing Incentives in 2002

Staff is proposing that a two pronged approach be taken to implementing the above list of incentives in 2002.

1. Staff will work with state legislators to submit draft legislation for the following items by January 31, 2002.

- Tax Increment Financing
- Enterprise Zone Status
- Priority Status for Zones in Various State Programs

Staff has conducted research on these items to determine both the administrative and legislative changes that will be necessary to apply them to Jobs/Housing Opportunity Zones. Staff has also defined timelines for submitting legislation to various committees, as well as timeframes needed to modify administrative language to incorporate the Partnership's requests. Those details are presented in Attachment A of this report.

2. Staff will work with Smith, Kempton & Watts, under the direction of SJCOG, to pursue legislative and administrative changes for the balance of the incentives that will be pursued this year.

Requested Actions

- Approve the list of incentives to be pursued in 2002 for the Jobs/Housing Opportunity Zones.
- Authorize staff to begin working with legislators and state agencies to implement the incentives.

**TABLE 1 JOBS/HOUSING OPPORTUNITY ZONES
INCENTIVES SUMMARY**

16-Jan-02

Reference #	Incentives	# Proposers Requesting	Pursue in 2002?
	Economic Development		
9	Economic Development Liaison Program (shepherd projects through local, reg., state approvals)	1	
10	Tax Credits for an Employment Dev. Center or Targeted "Cal Works" Program For Zone	2	
17	Federal Small Bus. Admin. SOY Loan Prog. Priority	1	
18	Federal Economic Development Admin. Funds	2	yes
20	Foreign Trade Zone Status	1	
21	Subsidize a Program to Train/Hire of Local Residents to Work in Zone	1	
23	Lease Reduc./Loan Forgiveness for Hitting Employment Targets	2	yes
27	Assistance in Marketing the Opportunity Zone	1	
31	Priority Consideration in Tech, Trade, Commerce Agency Eco. Dev. Programs	1	yes
35	Salary Assistance for Hiring Targeted Skill Sets	1	
33	Subsidize the Reduction/Deferment of Development Fees	2	
36	Enterprise Zone Status / Expansion	4	yes
5	Cash Grant	7	yes
	Housing		
30	Priority in Multiple Family Housing Revenue Bonds Program	1	yes
15	Family Housing Demonstration Program Priority	1	
25	Low Income Housing Tax Credits	1	
34	Rental Housing Construction Program Priority	1	yes
	Infrastructure Financing		
4	CA Dept. of Water Resources Loan/Grant Priority (encourage conserv. by energy firms)	1	
29	Priority in Industrial Dev. Bonds/Infrastructure Bank (loans, bonds, bank programs)	11	yes
42	Priority in State Interregional Transportation Improvement Program (ITIP)	5	yes
36	State Central Valley Infrastructure Grant Program (retitle to "IRP Infrastructure Grant Program")	1	yes
38	Tax Increment Financing (allow property taxes to be held in zone to fund infrastructure)	7	yes
32	Property Tax Refrom (allow locals to keep greater %)	2	
	Infrastructure Assistance		
1	Acceleration of Rt. 4 Bypass	1	
3	Assistance in Development of e-BART	1	
41	Provide Shuttle Services Between Zone and Transit	1	
43	Construct Train Station to Serve Zone	1	
	Miscellaneous Incentives or Assistance		
2	Air Quality Incentives (ex., to reward shortened commutes resulting from zone implementation)	1	yes
6	CDBG Funding, Flexibility and Modification of Uses	3	
7	CEQA Catagorical Exemptions in Unincorporated Urban Areas	1	
8	Childcare Subsidies to Providers Serving Zones	1	yes
13	Exemption from the Prevailing Wage Rate in the Enterprise Zone	1	
14	Exemption from Rolling Blackouts	1	
16	Fast Track Permitting by State and Regional Agencies	1	
19	More Direct Services/Flexible Direct Services for the Zone (ex., Transit)	1	
24	Subsidize Legal & Corporate Advice to Zone Tenants	1	

TAX INCREMENT FINANCING

Program Summary

In California, the statute limits Tax Increment Financing (TIF) districts to redevelopment of blighted areas only. When a Tax Increment Financing District is created, the assessed value of the land is established as a baseline. Baseline property taxes are distributed to various agencies according to the existing allocation formula. As the assessed value of the land within the district increases, taxes above the baseline (the “increment”) less a designated percentage allocated to existing taxing agencies are reserved for use within the district. This allows a municipality or redevelopment agency to bond for funding, and use the incremental increase to pay back the bonds. Or, a developer can take some risks, build public infrastructure in the district, and be reimbursed over time by the increment. A TIF stays in effect for 23 years. Tax Increment Financing District regulations are detailed in the California Constitution, in Section 16 of Article 16, *Public Finance*.

IRP Related Changes to Program

In order for TIF districts to be expanded to include Jobs/Housing Opportunity Zones, a Constitutional Amendment would be required. An amendment would need to be sought that extends tax increment financing benefits to areas other than those specified under Community Redevelopment Law.

Another option would be to pursue legislation that allows Jobs/Housing Opportunity Zones to be designated Tax Increment Financing Districts. The IRP could pursue a streamlined process for making a Zone a TIF. As with enterprise zones, when the IRP designates an opportunity zone, it could automatically become a TIF district. Or the IRP could find a model from another state that allows tax sharing to be used for new development in employment-depressed areas.

ENTERPRISE ZONE

Program Summary

The Enterprise Zone program targets economically distressed areas throughout California. Special state and local incentives encourage business investment and promote the creation of new jobs. The purpose of the Zone program is to provide tax incentives to businesses and allow private sector market forces to revive the local economy.

IRP Related Changes to Program

The State of California has a limit of 39 enterprise zones. A new enterprise zone can not be designated until an existing zone either expires or has its contract terminated. A second option is to remove Jobs/Housing Opportunity Zones from competing for enterprise zone designation(s) and create a new type of enterprise zone similar to Manufacturing Enhancement Areas. (See “Inter-Regional Partnership Economic Enhancement Zone: Amendment To Enterprise Zone Act” below.)

Extending Enterprise Zone benefits to Jobs/Housing Opportunity Zones will require that changes be made to existing Enterprise Zone legislation. Suggested changes to the legislation are as follows:

1. Section 7072(c)

To item 2 add the following language:

(E) The area is a Jobs Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing. The IRP State Pilot Project was enacted into law in 2000 to test and evaluate policies and incentives to mitigate current and future imbalances of jobs and housing in the counties of Alameda, Contra Costa, San Joaquin, Santa Clara, and Stanislaus. (CA Government Code, §65891)

2. Section 7073(b)

To item 7 add the following language:

(D) The new enterprise zone application is a Jobs Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing and is located in a jurisdiction with a surplus of housing that requires economic development to improve the jobs/housing balance of the region.

INTER-REGIONAL PARTNERSHIP ECONOMIC ENHANCEMENT ZONE: Amendment to Enterprise Zone Act

Program Summary

The Enterprise Zone Act seeks to revitalize economically distressed neighborhoods by providing incentives to promote economic development in designated areas. There are a limited number of Enterprise Zones that can be designated in California. New Enterprise Zones can only be designated once an existing zone either expires or is de-listed.

Manufacturing Enhancement Areas were added to the Enterprise Zone Act to provide similar incentives to Enterprise Zones to the economically distressed region along the California-Mexico border located in Imperial County. The number of Manufacturing Enhancement Areas is limited to two and does not count against the limited number of Enterprise Zones allowed in the state.

IRP Related Changes to Program

The addition of Inter-Regional Partnership Economic Enhancement Zones to the Enterprise Zone Act recognizes that there are areas of the state that have disadvantages that discourages economic development and results in a significant jobs/housing imbalance. The new Inter-Regional Partnership Economic Enhancement Zones would be restricted to the five county Inter-Regional Partnership that includes Alameda, Contra Costa, San Joaquin, Santa Clara, and Stanislaus Counties. The new zones would not count towards the 39 Enterprise Zone limit for the state.

7072. (g) "Inter-Regional Partnership Economic Enhancement Zone" means any Jobs Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing, that needs assistance in attracting new business and jobs in communities that lack an adequate employment base to match the amount and cost of housing in those communities, that is designated as such by the agency in accordance with the provisions of Section 7073.5.

7073.5. (a) The agency shall designate up to ten Inter-Regional Partnership Economic Enhancement Zones, as defined in Section 7072(g), requested by the governing boards of the cities and/or counties that manage the zone, each of which shall meet at least the following criteria:

(1) The zone is for the purpose of providing jobs to mitigate imbalances of jobs and housing.

(2) The zone is part of, and no larger than, the project area of an officially designated Jobs/Housing Opportunity Zone.

(3) The applicant city or county is located in a region that is part of the State Inter-Regional Partnership Pilot Project.

(4) At least one of the following:

(A) The zone is compatible with the adopted economic development plan(s) of the applicant jurisdictions and is located in an area with a jobs/housing imbalance of at least 1:5.

(B) The applicant city or county enters into a memorandum of understanding with the Department of Housing and Community Development that ensures that at least seventy-five percent of the jobs attracted to the zone will be from business and industry that pays a living wage commensurate with area housing costs.

(C) The designated area has a population of under 20,000 persons according to the 2000 federal census.

(D) The designated area is located in a rural community.

(5) An audit of the program shall be made at the end of the 4th and 7th year of its operation by the Trade and Commerce Agency with the cooperation of the local governing board(s). The audit shall be used to determine how effective the designation has been in attracting and creating new employment opportunities. Continuation of the designation is contingent on evidence of success of the program.

(b) For purposes of applying any provision of the Revenue and Taxation Code, any Inter-Regional Partnership Economic Enhancement Zone designated pursuant to this section shall not be considered an enterprise zone designated pursuant to this chapter.

(c) The designation as an Inter-Regional Partnership Economic Enhancement Zone pursuant to this section shall be binding for a period of 5 years, commencing July 1, 2002.

7073.6 Business and industry within the Inter-Regional Partnership Economic Enhancement Zone shall be eligible for the following list of incentives:

(a) Notwithstanding any other provision of law, businesses in a designated economic enhancement zone will be able to claim a net operating loss deduction pursuant to Revenue and Taxation Code Section 24416.

(b) Notwithstanding any other provision of law, businesses in a designated economic enhancement zone will be able to claim a sales tax credit pursuant to Revenue and Taxation Code Section 6378.1.

(c) Notwithstanding any other provision of law, state and local agencies may lease land to businesses in a designated economic enhancement zone at a price below fair market value, provided that it serves a public purpose to lease at below fair market value.

(d) The limitations in Section 91503 on the allowable uses of proceeds of bonds issued pursuant to Title 10 (commencing with Section 91500) shall not apply to bonds issued on behalf of any economic enhancement zone or any portion of that zone.

(e) Notwithstanding any other provision of law, the Office of Small Business shall establish regulations for loans and loan guarantees administered by the office that give high priority to businesses in a designated economic enhancement zone.

(f) Notwithstanding Sections 32646 and 32647 of the Financial Code, a high priority in ranking loan applications by the State Assistance Fund for Energy, California Business and Development Corporation, shall be given to businesses in a designated economic enhancement zone, that are purchasing or providing alternative energy systems.

(g) (1) Whenever the State prepares a solicitation for a contract for goods in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the State shall award a 5 -percent preference to California-based companies that demonstrate and certify under penalty of perjury that of the total labor hours required to manufacture the goods and perform the contract, at least 50 percent of the hours shall be accomplished at an identified worksite or worksites located in an economic enhancement zone.

(2) In evaluating proposals for contracts for services in excess of one hundred thousand dollars (\$100,000), except a contract in which the worksite is fixed by the provisions of the contract, the State shall award a 5 -percent preference on the price submitted by Californiabased companies that demonstrate and certify under penalty of perjury that not less than 90 percent of the labor hours required to perform the contract shall be accomplished at an identified worksite or worksites located in an economic enhancement zone.

(3) Where a bidder complies with subdivision (1) or (2), the state shall award a 1-percent preference for bidders who certify under penalty of perjury to hire persons living within the

county where the economic enhancement zone is located eligible employees equal to 5 to 9 percent of its workforce during the period of contract performance; a 2-percent preference for bidders who shall agree to hire persons living within the county where the economic enhancement zone is located eligible employees equal to 10 to 14 percent of its workforce during the period of contract performance; a 3-percent preference for bidders who shall agree to hire persons living within the county where the economic enhancement zone is located eligible employees equal to 15 to 19 percent of its workforce during the period of contract performance; and a 4 -percent preference for bidders who shall agree to hire persons living within the county where the economic enhancement zone is located eligible employees equal to 20 or more percent of its workforce during the period of contract performance.

(4) The maximum preference a bidder may be awarded pursuant to this chapter and any other provision of law shall be 15 percent. However, in no case shall the maximum preference cost under this section exceed fifty thousand dollars (\$50,000) for any bid, nor shall the combined cost of preferences granted pursuant to this section and any other provision of law exceed one hundred thousand dollars (\$100,000). In those cases where the 15-percent cumulated preference cost would exceed the one hundred thousand dollar (\$100,000) maximum preference cost limit, the one hundred thousand dollar (\$100,000) maximum preference cost limit shall apply.

(5) Notwithstanding any other provision of this section, small business bidders qualified in accordance with Section 14838 shall have precedence over non-small business bidders in that the application of any bidder preference for which non-small business bidders may be eligible, including the preference contained in this section, shall not result in the denial of the award to a small business bidder. This subdivision shall apply to those cases where the small business bidder is the lowest responsible bidder, as well as to those cases where the small business bidder is eligible for award as the result of application of the 5-percent small business bidder incentive.

(6) All State contracts issued to bidders who are awarded preferences under this section shall contain conditions to ensure that the contractor performs the contract at the location specified and meets any commitment to employ persons living within the county where the economic enhancement zone is located.

(7) (A) A business that requests and is given the preference provided for in subdivision (1) or (2) by reason of having furnished a false certification, and that by reason of this certification has been awarded a contract to which it would not otherwise have been entitled, shall be subject to all of the following:

(i) Pay to the State any difference between the contract amount and what the State's cost would have been if the contract had been properly awarded.

(ii) In addition to the amount specified in subparagraph (i), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract involved.

(iii) Be ineligible to directly or indirectly transact any business with the State for a period of not less than three months and not more than 24 months.

(B) Prior to the imposition of any sanction under this subdivision, the business shall be entitled to a public hearing and to five days' notice of the time and place thereof. The notice shall state the reasons for the hearing.

7073.7. The zones shall not be eligible for expansion except in the case that the proposed additional territory meets the criteria specified in Section 7073.5 and would be used to expand the Inter-Regional Partnership Economic Enhancement Zone to the same extent as the existing territory of the Jobs/Housing Opportunity Zone of which it is apart of and if all of the following conditions are met.

Attachment A

(a) The governing body of each jurisdiction in which the economic enhancement is located approves an ordinance or resolution approving the proposed expansion of that zone.

(b) The additional territory proposed to be added to the economic enhancement zone is zoned for industrial or commercial use.

(c) Basic infrastructure, including, but not limited to, gas, water, electrical service, and sewer systems is available to the additional territory proposed to be added to the economic enhancement zone.

PRIORITY STATUS IN STATE PROGRAMS: *California Debt Limit Allocation Committee*

Program Summary

Established in 1985, the California Debt Limit Allocation Committee (CDLAC) is a three-member body comprised of the State Treasurer, the Governor, and the State Controller responsible for administering the tax-exempt private activity bond program for the state. CDLAC implements the federal regulations that impose limits on the amount of tax-exempt private activity bonds a state may issue in a calendar year. The maximum issuance for 2001 was \$2.116 billion.

Agencies and organizations authorized to issue tax-exempt private activity bonds or mortgage credit certificates must receive an allocation from CDLAC.

Up to \$10 million in bonds are issued per project. Projects must fall within the six programs in the CDLAC process. Programs with relevance to the IRP Pilot project include: multi-family rental housing, single-family housing, teacher home purchasing, small-issue industrial development bonds, and exempt facilities (bonds to help California businesses clean up the environment or provide alternative energy).

IRP Related Changes to Program

On December 20, 2001, CDLAC released the draft revisions to the CDLAC procedures for public comment. The IRP has an opportunity to request that CDLAC award points to projects located in Jobs/Housing Opportunity Zones. Comments on proposed revisions to the *Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of the Annual State Ceiling on Qualified Private Activity Bonds* must be received by CDLAC in writing by February 1, 2002.

Staff recommends that the following specific language be incorporated in the *Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of the Annual State Ceiling on Qualified Private Activity Bonds*.

1. Section 17. Allocation System for Qualified Residential Projects, page 20

To item II. Evaluation Criteria, add the following language:

Housing Opportunity Zone (10 points)

Ten (10) points will be awarded to those projects that are located in a Housing Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing. The IRP State Pilot Project was enacted into law in 2000 to test and evaluate policies and incentives to mitigate current and future imbalances of jobs and housing in the counties of Alameda, Contra Costa, San Joaquin, Santa Clara and Stanislaus. (CA Government Code, §65891)

2. Section 20. Allocation System for a Small-Issue Industrial Development Projects, page 35

To Item II. Evaluation Criteria, subsection A. Community Economic Need: Increase total maximum points from 25 to 30 and add the following language:

Five (5) points to projects located in a Job Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing. The IRP State Pilot Project was enacted into law in 2000 to test and evaluate policies and incentives to mitigate current and future imbalances of jobs and housing in the counties of Alameda, Contra Costa, San Joaquin, Santa Clara and Stanislaus. (CA Government Code, §65891)

PRIORITY STATUS IN STATE PROGRAMS: Tax Credit Allocation Committee (TCAC)

Program Summary

TCAC is responsible for the administration of two low-income housing tax credit programs (one federal and one state program). The programs are in place to encourage private investment in producing rental housing for low- and very low-income families and individuals. The state program is not an independent program, but instead, supplements the federal credit program.

IRP Related Changes to Program

TCAC is currently in the process of updating their regulations. A public hearing will be held on January 9, 2002 to receive comments on the proposed regulatory changes. Written comments on proposed revisions to the *California Tax Credit Allocation Committee Regulations Implementing the Federal and State Low Income Housing Credit Laws* are due on January 14, 2002. The final regulations will be adopted on January 30, 2002 at the regular TCAC monthly meeting.

Credits are awarded on a competitive basis and changes can be made to the scoring criteria that would give points to housing projects that are part of a Jobs/Housing Opportunity Zone. Staff recommends that the following specific language be incorporated in the *California Tax Credit Allocation Committee Regulations Implementing the Federal and State Low Income Housing Credit Law*.

1. Section 10325(c)(7)

To item (7), Balanced Communities, add the following language:

*Where a project is part of an adopted Housing Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing. The IRP State Pilot Project was enacted into law in 2000 to test and evaluate policies and incentives to mitigate current and future imbalances of jobs and housing in the counties of Alameda, Contra Costa, San Joaquin, Santa Clara, and Stanislaus. (CA Government Code, §65891)
Up to 2 points*

PRIORITY STATUS IN STATE PROGRAMS: *Multi-Family Housing Program*

Program Summary

The Multi-Family Housing Program (MHP) was established in 1999 to assist in the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households. A maximum of \$4.5 million per project in the form of low interest deferred payment loans (55-year term) at 3 percent simple interest on unpaid principal balance. Payments are due annually, with the balance of principal and interest due and payable upon completion of loan term.

Local public entities, for-profit and nonprofit corporations, limited equity-housing cooperatives, individuals, Indian reservations and rancherias, and limited partnerships in which an eligible applicant or an affiliate of an applicant is a general partner.

Applications are invited through the issuance of periodic Notices of Funding Availability (NOFAs). The NOFA will specify the amount of funds available, application requirements, the allocation of rating points, and the deadline for submittal. The last NOFA was released in February 2001, with awards made in May 2001. Approximately \$52 million was committed during this most recent round of funding.

IRP Related Changes to Program

To give housing development projects located in Jobs/Housing Opportunity priority in the allocation of funds awarded through MHP, staff recommends the following changes to the Multi-Family Housing Program Regulations, as cited in the California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 4.

1. Article 3. Application Procedures, page 29

To section 7318(c), add the following language (in italics):

(c) “In order to implement goals and purposes of the Program, the Department may adopt measures to direct funding awards to designated Project types including, but not limited to, Rural Area Projects, Projects located in areas needing additional funding to achieve a reasonable geographic distribution of Program funds, Projects preserving continued affordability, *Projects located in a Jobs/Housing Opportunity Zone as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing*, and Projects with specified funding characteristics, including but not limited to, Projects receiving an award of tax credits from TCAC. These measures may include, but are not limited to.....”

2. Article 3. Application Procedures, page 34

To section 7320(b), add the following language to item 2A (in italics):

(2) “The extent to which the Project addresses the most serious identified local housing needs — 15 points maximum.

(A) 5 points will be awarded based on the receipt of:

- (i) a letter from the local housing agency, or city, or county in which the proposed Project will be located, stating that the proposed Project will address a serious local housing need as identified in a specific local policy document *or through the Project’s location in a Jobs/Housing Opportunity Zone as designated by the by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing*; or
- (ii) *for Projects with a minimum of 70%... “*

PRIORITY STATUS IN STATE PROGRAMS: *The California Infrastructure & Economic Development Bank*

Program Summary

The California Infrastructure and Economic Development Bank (CIEDB) promotes economic development and the revitalization of California municipalities by providing vital financing to local government entities. Loans are provided in amounts between \$250,000 and \$20 million from a total pool of \$475 million. CIEDB loans are awarded on a competitive basis with potential projects ranked using a criteria scoring system.

IRP Related Changes to Program

Staff suggests the following changes be made to the *Infrastructure State Revolving Fund (ISRF) Program - Criteria, Priorities, and Guidelines*.

1. Section 7 (Scoring Criteria for Prioritizing Projects), sub-section III (Land Use, Environmental Protection and Approved Housing Element), page 14

To item 1, Urban Applicants, add the following language (in italics):

Second Priority: Develop vacant and under-utilized land within existing urban and suburban areas and presently served by streets, water, sewer and other public services. Open space, historic buildings, recreational opportunities and the distinct identities of neighborhoods should be preserved. *The development is located in a Jobs/Housing Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing. The IRP State Pilot Project was enacted into law in 2000 to test and evaluate policies and incentives to mitigate current and future imbalances of jobs and housing in the counties of Alameda, Contra Costa, San Joaquin, Santa Clara, and Stanislaus. (CA Government Code, §65891)*

To item 2, Rural Applicants, add the following language (in italics):

Second Priority: Develop vacant and under-utilized land within existing developed rural areas and presently served by streets, water, sewer and other public services. Open space, historic buildings, recreational opportunities and the distinct identities of neighborhoods should be preserved. *The development is a Jobs Opportunity Zone, as designated by the Inter-Regional Partnership (IRP) State Pilot Project to Improve the Balance of Jobs and Housing. The IRP State Pilot Project was enacted into law in 2000 to test and evaluate policies and incentives to mitigate current and future imbalances of jobs and housing in the counties of Alameda, Contra Costa, San Joaquin, Santa Clara, and Stanislaus. (CA Government Code, §65891)*

CASH GRANT